

October 14, 2013

Insurance Commissioner Karen Weldin Stewart
Delaware Department of Insurance
841 Silver Lake Blvd.
Dover, DE 19901

Dear Commissioner Stewart:

We understand from media accounts that the Delaware Compensation Rating Bureau has asked you to approve a workers compensation loss cost ratio increase of approximately 40%. We are confident that the new rate review process enacted into law this year will provide you with the tools necessary to reject this request and approve only a request that is supported by accurate evidence and impartial expert opinions.

An important part of the new process enacted this year was the authority given to the Data Collection Committee to review individual carriers' medical loss data, and where appropriate direct that the Insurance Department conduct examinations of those carriers. The examinations are designed to determine whether the medical loss information is accurate and, if so, why those medical losses are abnormally high. House Bill 175 required that this process begin on August 1, 2013, so that results would be available to the Ratepayer Advocate and the Department of Insurance during this year's rate-setting process. Therefore, we are very concerned that none of the information required to be provided to the Data Collection Committee has yet been provided. We are also concerned to learn that the committee – which has oversight responsibility over the insurance industry – has grown to 31 members according to Deputy Commissioner Gene Reed, and that 16 of those 31 members are from the insurance industry.

We therefore ask that you: (1) ensure that the information required by HB 175 be provided immediately in a usable format to the Data Collection Committee for the nine carriers (or "carrier groups") that the DCRB indicated at our task force's October 4, 2013 meeting would meet the 3% market threshold set out in the law, (2) reduce the membership of the Data Collection Committee so that the committee is of a manageable size and reflects the intent of HB 175 with respect to those entities represented, and (3) order any extensions necessary to delay the beginning of this year's rate-setting process until the Data Collection Committee has reviewed the information it should have received on August 1, ordered any necessary examinations, and those examinations have been completed. This information is necessary for the Ratepayer Advocate to do his job on behalf of the businesses whose interests he represents.

Thank you in advance for taking these steps, which are necessary for proper protection of Delaware's rate-paying businesses.

Dr. Barry Bakst, *Workers Compensation Task Force representative for Delaware Medical Society*
Delaware State Senator Patricia Blevins
Delaware State Representative Ruth Briggs-King
Glenn Brown, *Workers Compensation Task Force representative for Delaware Physical Therapy Association*

Ed Capodanno, *Workers Compensation Task Force representative for Associated Builders & Contractors*
John Casey, *Workers Compensation Task Force representative for Delaware Contractors Association*

Victor Clark, *Workers Compensation Task Force representative for Office of the Governor*

Delaware Lt. Governor Matt Denn

Lee Dotson, *Workers Compensation Task Force representative for Delaware Association of Insurance Agents and Brokers*

Anthony Fabrizio, *Workers Compensation Task Force representative for Delaware State Bar Association*

Harry Gravell, *Workers Compensation Task Force representative for Delaware AFL-CIO*

Richard Heffron, *Workers Compensation Task Force representative for Delaware State Chamber of Commerce*

Delaware State Senator Gerald Hocker

Delaware Secretary of Labor John McMahon

Joseph Rhoades, *Workers Compensation Task Force representative for Delaware State Bar Association*

Dr. Bruce Rudin, *Workers Compensation Task Force representative for Delaware Medical Society*

Delaware State Representative Bryon Short

Yrene Waldron, *Workers Compensation Task Force representative for Delaware Healthcare Facilities Association*